RESEARCH PLAN PROPOSAL

The economics of keeping war active- A special case of Israel and Palestine

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Submitted by

Prerna Pareek

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Under the Supervision of

Prof. C.R. Bishnoi

Head, Department of Economics

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Introduction-

What is war? In simplest of terms, a war is a state of armed conflict between different countries, different groups within a country or it can be a sustained campaign to achieve a particular goal against the other party. Humans have been fighting wars against one another since time immemorial. But why do conflicts occur altogether? What possibly goes terrible to such an extent that violence seems like the only option to achieve peace or certain goals? All conflicts start with different emotions and understandings and especially misunderstandings. But what connects them all together? What is the common thread? To say it in a few adjectives- it is the heightened emotions of greed, grievance, faith, sense of superiority, the lust for power and ultimately money.

However, adjectives and emotions cannot objectify wars alone. There need to exist solid reasons and strong basis to make sense for going to war. There have to be reasons for war and the prerequisites to go to war. There are two fundamentals associated with starting an armed conflict. First is that the cost of war must not be higher than the gains expected to be achieved after winning. Second is that there has to be a failure in bargaining that a mutual agreement seems impossible to be framed between the parties in question. And hence war becomes inevitable. Without these prerequisites though, peace befalls automatically and becomes everlasting.

Coming to the reasons for war, there aren't just few. Every fight is fought to achieve something. There are 8 reasons for war that have been put forward by **Goodman, (2018)**. These include wars fought for economic gains, territorial gains, religion, revenge, civil war, revolutionary war and defensive war. When detailed with definition, every type and reason for war serves a different purpose, but as history has proved, the ultimate goal for war ends up being economic gains. This is not because money makes the world move. This is because after fighting for certain reasons, say for religious cleansing or for territorial gains, the party with the upper hand is bound to become scarce in resources. As is evident, money is needed to keep a war active.

It also goes without saying that it is not just a straight line of needing money to keep being at war. The other side of the war is gaining from being at war. It isn't only the principal countries or groups that benefit from fighting. The middlemen, the arms suppliers, the food suppliers and alike, all gain during conflicts. And hence, it becomes their vested interest to keep the war active and profit from the war economy.

Wars fought for ideological reasons were found to be the most common reason for war a decade ago as per a report by the Heidelberg Institute for International Conflict Research, a think-tank. It was concluded in their findings that ideologies trump the call for war. However, culture and difference of opinion make the case for fighting a common enemy. The causes for war are inter-connected. When we engage with people from different backgrounds, it can be difficult to understand why they act as they do. Moreover, these differences can seem confusing and sometimes appear threatening. It is also easy to think that the perspectives of our own culture or background are right or appropriate to the solution of issues, whereas the others' approaches are not.

It is not just differences that define a conflict though. Somehow the parties perceive that the differences create a situation that will be contrary to their interests or needs. If two people or groups or nations think that their future goals are being hampered with in any way by the rival in question, a conflict seems like a good option. The notion of incompatibility also implies the potential for the relationship to become competitive. When people have incompatible goals, they often look at the situation as a zero-sum game. If the other person getting his or her way is seen as keeping you from getting your way, then let the competition begin!

Conflict in the case of Israel-Palestine

Why the Israel-Palestine conflict?

The Israel-Palestine conflict is perhaps the touchiest and most infamous struggle for recognition in the 20th century. Alongside what were seemingly difficult conflicts in South Africa and Northern Ireland, the Israel-Palestine conflict has been described as a case that is hopelessly burdened with injustice.

But why should this particular conflict be studied when trying to understand what causes conflicts and what is the economic side of it. Well, to no surprise, this conflict does not fit into a single frame of causes for war. It is a mixture of war for land, war for keeping promises, a war for peace, a proxy war, a war for proving religious supremacy and a war for recognition. But above all, it is a war that is now being fought for economic gains or stability or is at least not being solved to keep the economic fulfilments at bay. These economic fulfilments and gains are not just of the two fighting parties though, the countries who trade with them, supply arms to them or ones that get to prove their supremacy in the world also gain from it. Either greed or grievance form the basis of a lot of conflicts. In the case of Israel and Palestine however, both the factors play a significant role.

Endless number of efforts have been made to attain peace in this conflicted region but the situation is almost the same as it was post the second world war. It is a war that cannot be stopped by using the usual suspects. It is a war for land, recognition, power and now for economic gains (directly or indirectly).

The history of the conflict

It all began (the problems) for the Jews and the Arabs after the Holocaust when the Jews started migrating to the promised land. However, everyone lived in peace for the time being until the imperialists needed soldiers for the war. In return for this, they promised lands and nations to the Jews (Israel as a nation) and Palestine (a nation only for Arabs). The colonizers couldn't keep their promise and the struggle for recognition and land that began strongly after the UN's decision continues till today. It goes on without having achieved anything except lives of countless Palestinians and Jews.

What has emerged from this never ending war is the question that why do people only listen to violence? Why the talk of peace only sounds good after millions of lives have been lost? This isn't the first time though. There have been many instances when the Israelis have thought that peace is a good option. Also, there have been many instances when the same people have turned away from the right and believed that a compromise shouldn't be made. This has especially been the sentiment when the Israelis did not lose any soldiers and civilians for a time being or the only party hurt were the Palestinians.

On the international stage, the two-state solution is the universally accepted package for resolving the conflict, with the Gaza Strip and West Bank set aside to form an independent and viable Palestinian state with East Jerusalem as its capital. However, questions of contiguity, persistent settlement building and political divisions amongst the Palestinians themselves have persistently undermined the prospect of implementing the two-state solution since it was formally agreed upon nearly 25 years ago in the Oslo Accords.

Nevertheless, the alternative seems even more implausible. If the two parties cannot satisfy their ambitions for self-determination via separation, then surely binding the two together in a single state is beyond the realms of possibility. A single state from the Jordan River to the Mediterranean Sea appears premised on the absurd idea that two nations that could not negotiate a divorce should stay married instead. Still, efforts to bring peace in this region in any which way possible is desired by the international community. It goes without saying that the conflict and peace struggle are doing a lot more for and to the people at the same time. Namely, a lot of jobs are created through the peace process, lives are

lost, money is earned, weapons are sold, trade is done, barriers and embargos are pushed and in the end no peace or anything close to it is attained. Are the economic benefits too good?

Review of related literature

Dobers, Ihle, Kachel & Liebe (2018) conducted a study to analyse and understand the magnitude of economic interactions and their relationships with the conflict between Israel and Palestinian-controlled territories. The micro-level analysis focused on trade in fresh fruits and vegetables.

The data was collected in a quantitative survey among Israeli fruit and vegetable wholesale traders from 9 markets in different locations. The sample covered one third of the population of traders. The questions focused mainly on the trader's financial situation, interaction and perception of the Israeli-Palestinian conflict. Spearman rank correlation was found between the variables that characterise the sample. It was found that traders strongly support a speedy resolution of the conflict because they think that Israelis and Palestinians suffer from it.

A logistic regression in order to explain the probability of the existence of trading links between Israelis and Palestinians was estimated. Because of the small sample size, robust standard errors were taken. The traders' personal and business characteristics were used as explanatory variables to explain the likelihood of the existence of an active professional relationship.

It was found that extensive professional networks and economic cooperation exists between the local vendors despite the conflict. Business relations create positive and functional interdependence and common interests were found to supersede political conflict. Trade linkages between the existing traders, personal contacts and cross-conflict networks were found to offset the predominantly negative stereotypes caused by the conflict.

Also, negative experiences the sample traders have had with Palestinian traders differ significantly. Through Whitney-Mann test, it was found that Israelis not engaged in business with Palestinians are significantly more likely to perceive such relations as too dangerous and traders without current business relations are significantly more likely not to have any contacts at all with the Palestinian Territories as compared to the group that trades with or has traded with Palestinians in the past.

The analysis succeeded in addressing economic interactions at the micro-level as well as economic interactions as a tool of post-conflict reconciliation. The authors believe that 'it would be interesting to examine how trading patterns change with or after the eruption of conflict, to identify differences between traders differently affected by conflict and to observe the change of attitudes over time.'

If a macroeconomic study is done in order to study the changes in behaviour and trading patterns between traders on an industrial scale, a better understanding can be achieved by studying the converging and diverging patterns post and during a conflict.

Kiran (2018), in her article has tried to explain that trade promotes peace and stability and that bilateral trade helps to reduce external conflicts and chances of war. She has taken the case of Pakistan and India in her study as these two nations have huge trade potential, benefits of geographical proximity and comparative advantage but are still not benefitting from this opportunity due to political and land conflicts.

The author has used descriptive research method for analyzing the depth of the situation. It has been opined that the opportunity cost of war is economic growth. Liberalized trade policies, globalization, trade with comparative advantage are believed to reduce conflicts and bring peace.

Trade framework can come through political pressure. If both the countries decide to overcome hurdles and problems related to trade, then bilateral trade and economic cooperation can be enhanced and both can bring down the cost of trade in addition to opening up routes to trade with middle-east countries together. Also, military spending as a percentage of GDP for both countries has reduced over the years. This shows possibility of better days. Territorial conflicts can also be minimized. By creating more business and commercial links, trust and willingness to cooperate with each other is a way to achieve peace and stability.

Even after the recommendations however, the author has failed to explain why and how can this happen. For countries that have been at cross with each other for almost 60 years, why would they decide to change things completely? If India is already at advantage while trading with the world, then why would it change its strategy? What drives countries to focus on trade and desire peace needs to be analyzed.

Lintl (2018), did a comprehensive study to analyze and answer certain research questions: What were the repercussions of the failure of peace initiatives on Israeli society? What were the reasons for these changes? And how they are reflected in changing majorities? To answer them, he believes one needs to go

back and look closely at everything from the beginning. The author further adds that Israel has been trapped in a vicious circle since 2001. And currently the belief amongst majority of Israelis is that the Palestinians are not interested in peace with Israel, and that military options are hence preferable to political talks. The left wing political camp in Israel always wanted immediate negotiations and a two-state for two nations. However, they have now more or less shifted to the center and believe that unilateral strategy is the only way to have a solution. Whereas the right wing, which is currently in power, believes that peace is not possible but keeps promising that there could be a solution to win majority in every election. A parallel development can be seen on the Palestinian side, where the failure of the peace negotiations weakened Fatah that wished to resolve the conflict politically, and strengthened the supporters of military options, especially Hamas while also including other forces. But the important thing is that as long as the occupation continues, there can be no peace talks and there are currently no plans of finding a solution.

The author has put forward recommendations for the EU that can act as a peace carrier. EU has offered a privileged partnership to Israel in the event of peace with the Palestinians, which would grant Israel the prospect of easier access to European markets, intensified cultural and scientific cooperation and intensified security cooperation. He believes that if the EU wants its positions to find an echo in Israel, despite the erosion of support for the peace process, it must draw a sharp distinction between legitimate criticism of settlement- building and challenges to Israel's right to exist because these are being highly confused by the Israelis.

Asseburg (2018), in her article talks about the PA and Hamas governments being accessories to the occupation rather than the reason for stopping it completely. She believes there are plenty of reasons for her stance and that the two governments are entrenching the settlements even when they have prioritized in ending the occupation by exercising their limited power.

The key reasons for this include- the Palestinian territories' heavy dependency on Israel, which holds ultimate control of the territory and the borders; financial dependency on external sources; interest in consolidating achievements, amongst others on the international stage; and the preservation of personal privileges and opportunities for enrichment within the existing system. All these compel the PA and Hamas to keep up with the occupation. If all governing power shifts to Israel, then the international support is bound to stop. The internal rivalries between PA ands Hamas have given a huge leeway to Israel to not even think about a two-state settlement and keep increasing the settlement constructions on a daily basis. Also, the elites of the PA get a fair share of privileges to keep the occupation going and exercising limited power. If the occupation stops, then a lot of jobs would be lost for the Palestinians. Hamas doesn't recognize Israel and hence

keeps attacking. Israel benefits from this non-recognition and gets a reason to strike back. No one really wants the same solution or a solution at all. It is an impasse that is difficult to resolve especially by the current harbingers of peace.

The author has given suggestions to the EU to step up and act as the peacemaker to this struggle. She advices that Hamas cannot be left out of the negotiations for it exercises power and control over Gaza even if by limited amount currently. She says, any lasting improvement in Gaza also presupposes negotiating a long-term cease-fire and establishing a reliable crisis management mechanism. Fatah and Hamas must reconcile and EU needs a different approach to support the Palestinians and must help them settle economically.

How the personal benefits of the elites in power can let go and support a complete end to the occupation, how to manage the jobs and livelihoods of those getting affected the most can be handled has not been talked about. Besides why would Israel want to listen to the EU?

Tahmaz (2018), in her article has discussed the tensions that have been existent between Israel and UNRWA (United Nations Relief and Works Agency) since the latter's inception in December of 1949.

It was established by the UN General Assembly and it began its operations in 1950 providing humanitarian assistance to the refugees during the 1948 Arab-Israeli war, and was soon mitigating the economic and political impact of the conflict through development projects as well. However, it later took under its wing, the refugees from the 1967 six-day war as well. Currently, under UNRWA, there are 774,170 and 1,276,930 refugees registered in the West Bank and Gaza Strip in 19 and 8 refugee camps respectively.

Both Israel and UNRWA depend on cooperation. It has been observed that UNRWA cannot do its job of providing assistance to the Palestine refugees in the Occupied Territories and Gaza nor can it carry out development work without cooperation with the Israeli authorities. This in turn profits Israel from UNRWA's escalation- inhibiting work.

However, even after this mutual dependency, the relationship between the two has been ambivalent and tense. Members of the Israeli government regularly condemn UNRWA for being an integral parameter of the Palestinian resistance as majority of workers in the agency are locals and they end up taking sides at times. But it is very difficult to vet so many candidates who can hold a neutral view of the situation. The partnership between the two is keeping the current situation bearable. But to what extent it is postponing the end of occupation isn't known. The political dimension of this relationship has contributed to UNRWA

which is supposed to work apolitically to itself become a conflict actor as a voice of the otherwise almost voiceless Palestine refugees.

If UNRWA were to cease operating, who would assume the responsibility of the refugees? Also, UNRWA isn't the one prolonging the status quo, but its Israel, the Palestinian Authority and those Arab states that host Palestine refugees. The refugee question is the most favored political trump card in pursuit of their own regional interests. This is principally a matter for the UN. The sabotage of its key organs by state interests, purely for personal benefits, increasingly cause the UN's presence and engagement as a whole to become superfluous in the eyes of people in the Middle East, because it lacks the impact they hoped for. The refugees have to be taken care of and they deserve citizenship. But how is the question that needs answering.

Averbukh (2018), in her article has talked about the relationship between the Israel government, the Israeli lobby in the United States and the whole Jewish diaspora. The Jewish-American Israel lobby has been an important actor in the Middle East conflict for decades and has been pulling political weight in Washington and has been influencing the situation in Israel and the occupied territories. However, from unified views, the lobby itself has now transformed in its views in the course of the conflict and the ongoing occupation.

Since 1948, the lobby has played a strong role in influencing policy decision regarding the conflict and has always been pro-Israeli. But since the wars and conflicts became bigger, a rift amongst the lobbyists has come up. There are three camps in the US that are all pro-Israeli defenders of Israeli's security but have their own views on how to achieve the objective. Namely, the traditional supporters of the Israeli government, the national-religious and far-right nationalist critics and the left-liberal critics.

The first camp doesn't really concern itself with the conflict and just wants to maintain good political ties in the US government. So, it supports any party that comes in power and seeks to win support for it in the US. The second camp is more rightist in nature and supports Benjamin Netanyahu and his beliefs. Organizations like the National Council of Young Israel wants to spread a national-religious ideology that denies territorial concessions to the Palestinians as they believe it is a culture war and can only be won by demonstrative ways. A lot of wealthiest of the wealthy Jews support this ideology and finance and donate millions of dollars to settlement building. Even a lot of non-Jewish Americans also make donations to the settlements to support the Israeli government.

Then there are the left-liberal critics who are kept out of influencing anyone per se. They outright don't support the occupation and the settlements and want a

Palestine state with West Bank, Gaza and East Jerusalem. J Street is among the top ones in this league and consists of mostly young less-religious Jews. J Street's engagement for a two-state solution is driven by concern for the future of the Zionist project. There exist more radical currents in the left-wing camp as well. A number of splinter groups even campaign explicitly for Palestinian rights. Orthodox Jews however, still influence the majority of Jews and the actual Jewish diaspora doesn't get a say.

These fragmentations threaten the Israeli government and its views and stability for the support of the hegemony that is the US. It is needed for Israel to recognize its goals and to keep receiving funds. Israeli government is also trying to take support from non-Jewish Americans and has held conferences in Israel to get the desired support. A significant proportion of pro-Israeli activism today originates from Evangelical Christian Churches. But this development could come back to bite the Israeli government, which lacks the authority to ensure that messianic religious ideas do not win the upper hand over Israel's interests.

This opens up doors for the EU to step up and become the harbinger of peace but how could it gain the trust remains a question.

Economist (2017), published an article explaining how Israel needs Palestine to come into existence as a separate nation. The article talks about how Israel's "temporary" occupation has endured for half a century. The peace process that created "interim" Palestinian autonomy, due to last just five years before a final deal, has dragged on for more than 20. A Palestinian state is long overdue. Rather than resist it, Israel should be the foremost champion of the future Palestine that will be its neighbor. This is not because the intractable conflict is the worst in the Middle East or, as many once thought, the central cause of regional instability. The reason Israel must let the Palestinian people go is to preserve its own democracy. But the way things have been going, a semi-war and semi-peace situation has come to be comfortable for the leaders. However, the ones suffering from it don't feel the same way.

Israel is in a good position security wise but controlling Palestinian land for so long only makes it look bad abroad. Also, the Arabs are growing in numbers and soon will be more than the Jews. Israel cannot hold on to all of the "Land of Israel", keep its predominantly Jewish identity and remain a proper democracy. To save democracy, and prevent a slide to racism or even apartheid, it has to give up the occupied lands.

There are plenty of reasons to stop the conflict. Israel is too strong for a Palestine state to threaten its existence. Hence, it is in its favor to let go of all barriers and

help the PA and let Palestine become a state. But most Israelis are in no rush to try offering land for peace again. Their security has improved, the economy is booming and Arab states are courting Israel for intelligence on terrorists and an alliance against Iran. But what if violent extremists like Hamas could use the opportunity of PA being weak and take over West Bank. Then it's a no to peace for sure.

Anthony, Egel, Ries, Bond, Liepman, Martini, Simon, Efron, Stein, Ayer & Vaiana (2015), conducted a study to estimate the net costs and benefits of the long-standing conflict between Israelis and Palestinians. It studies their current trajectory over the next ten years, relative to five other possible trajectories that the conflict could take. Namely, a two-state solution, coordinated unilateral withdrawal, uncoordinated unilateral withdrawal, nonviolent resistance, and violent uprising. The goal of the analysis was to inform all parties (Israel, Palestine and the international community) of the available choices and their expected costs and consequences.

Field surveys from over 200 individuals, extensive literature review, and supplemental analyses was done to identify the aspects of the conflict that were going to be considered. Present trends scenario as a baseline reference have been used and then outcomes such as gross domestic product (GDP) or perceptions of security under the reference case to the five alternative trajectories have been compared. The analysis is done using a specific calculator to explore the effects of modifying key assumptions. Assumptions influence either the conflict's direct costs (expenditures) or its opportunity costs (lost opportunities).

The report has concluded that a two state solution seems like the best possible answer to the peace problem. However, it is not a solution that would drastically change Israel's economy for the better as compared to Palestine's. So why would they want to go with this solution is the question. It is also believed that, given recent trends, 'the two sides are marching towards a one-state solution unless Israel opts for unilateral withdrawal, an alternative that also becomes increasingly problematic as West Bank settlements expand'. But research on what a one-state solution would be and how it will preserve everyone's democratic principles is still not out. Dramatic policy intervention by all would be needed if the views of the parties have to be changed if a diversion from the current trajectory is desired. The report hopes to help the Israelis, Palestinians, and the international community to understand present trends clearly and also recognize the costs and benefits of alternatives to the current destructive cycle of action, reaction, and inaction.

The researchers have not assessed the important non-economic factors that play a major role in understanding the behaviour of those in power and who control the role and weight of the economic factors in resolving the impasse.

Rolnik (2014), in an article about the never ending Mideast Peace 'Process', has tried to explain the reasons as to why peace has been unattainable so far especially in the case of Israel and Palestine.

The author has explored the conflict, the occupation and the 'peace process' through Noam Chomsky's prism and his views from his book Manufacturing Consent. It is established that the media serves the elite, the incumbent rulers and their political and economic agendas. A lot of people earn through the peace process and if peace is achieved, then the purpose and source of income for many, including- the government, the army, the diplomatic corps and the industry of peace NGOs that benefit from the existing situation, acquire their prestige from it would be lost. Every status quo and every large system, always has beneficiaries who have no real desire for change and with passing time, interest and benefits only add up. How can the peace be achieved then? When the conflict starts hurting the finances, power and legitimacy of those who benefit from it the most? It is not just a religious, cultural and historical war, it is a war for power and money. The beneficiaries are too many and all of them are in power. Even the thought of post conflict economic reconciliation seems like a difficult task compared to the military aid and the humanitarian aid that Israel and Palestine respectively receive in billions of dollars every year. The author concluded that if change has to be brought, it can only be brought by people who are on the grass root level.

Smith did a study and tried to show empirically that trade openness does, in fact, decrease the most readily available measure of militarism: military spending as a proportion of gross domestic product. The author analysed the founding members of the European Union, plus the expansion until the mid-1980s from 1998 to 2008, using statistical models, a relationship between trade openness and war was empirically shown to have somewhat of an inverse effect on each other. A 20-year period was analysed. Three arguments arise when discussing relationship between trade and military conflict- free trade promotes peaceful cooperation; trade may spark tensions between trading blocs and partners and that trade has no effect because military conflict is based on more important variables.

"History teaches that wars begin when governments believe the price of aggression is cheap." Ronald Reagan summarizing that trade brings peace as comparative advantage is formed between two nations.

On the other hand, neo- realists and Marxists seem to believe that trade is a symptom of peace and not a cause.

It is also argued that economic geography has a larger impact on military spending and trade and that these "third factors" are what really drive nations towards war and also affect the amount they trade.

The best measure of militarism in a nation is their military expenditures as a portion of GDP (GME). After cutting problematic variables, the ones that were left and that would probably have a significant impact on military spending as a proportion of GDP were the classic measurement of trade openness, population, military alliances, active wars, land area and population.

A cross-section time series panel was decided to be the most appropriate in the case because it allowed for the true effects of each variable to be seen. To find these true effects, a linear regression model was used with GME as the dependent variable and all others explanatory. Descriptive statistics were run in SAS statistical software and then different regressions were run to get the real effects of variables on GME. The model was however found to be missing significant variables.

As per the author, future studies need to be able to create good variables that can estimate a value for military tradition, terrorism and hostility of neighbouring nations and also, longer time period needs to be considered.

The study showed that trade openness is a significant explanatory variable for military spending. If this small sample and year set delivered the expected results, a larger sample and time series might provide even more convincing results.
The model can then be used to understand the situation in different conflicted regions like the Israel-Palestine conflict.

Robinson (2009), described that the Geneva Initiative had an immediate political impact when it was announced in late 2003, occurring in the midst of the second Palestinian uprising and under an Israeli administration fundamentally opposed to Palestinian sovereignty over the West Bank. Indeed, Israel's unilateral disengagement from the Gaza Strip was an effort to stop the Geneva Initiative from gaining momentum, as close Sharon aide Dov Weisglass later admitted to the Ha'aretz newspaper in Israel. Ariel Sharon's gambit was to give up control of impoverished Gaza (and its 1.5 million Palestinians) as a means of relieving international pressure on Israel to withdraw from the West Bank. Although the tactic seemed to work for several years, it is rather startling how the political

discourse has shifted in Israel even among former rightists and proponents of Greater Israel. Ehud Olmert, Israel's Prime Minister until 2009 and former champion of Israel's colonization of the West Bank, now speaks openly of Israel's need to withdraw from most, perhaps all, of the West Bank and East Jerusalem if there is to be peace. Although Olmert has not embraced the Geneva Initiative per se, he and other former opponents now accept its core concepts. It goes without saying that once enemies now want to be friends. Why? Well for individual gains perhaps.

Naqib (2002), in his paper focused on the economic relationship between the Israeli and the Palestinian economy of the West Bank and Gaza Strip, and the ways in which it contributed to the collapse of the peace process aka the Oslo Accord. The paper traces the situation of the two fighting sides from the time the occupation began to two years into the second Intifada.

The author opines that the accord, as well as the international efforts led by US to put life into it, failed to address two central issues of the conflict: The Palestinian right to sovereignty over their land and their right to free their economy from its colonial dependency on the Israeli economy. Not recognizing the centrality of these two issues, the Oslo Accord and the international efforts at reviving it, deal with symptoms of the conflict (violence) and ignore its cause (sovereignty).

The author has also talked about backwash effects trumping the spread effects in all aspects of the Palestinian economy and how there was a converging pattern between the economies in the beginning of the occupation and how it has become severely divergent since the limited self rule began. Israel’s policies, decisions and strong use of military has crippled the Palestinian economy and has made it dependent on the formers’ whims. The policies practiced by Israel have circumvented the forces in the market, bolstering the effects of polarization and diminishing the spread effects. And it has been done mainly by three measures including restricting the use of natural resources, restricting the economic activities of the productive sectors and by resource transfers to Israel, and neglecting the public sector. This has in turn created a resource gap, an infrastructural gap, an imbalance in the labour market and a sectorial distortion in Palestine’s economy.

The experience of the last seven years has shown that the Oslo Accord is flawed and does not have the potential for achieving a peaceful settlement. A new accord that recognizes the fundamental Palestinian right of sovereignty over their land is needed so that the two-state solution can become a viable solution to the conflict.

The situation has not changed much since then. Israel being the dominant economy does not gain much from the peace process or the two state solution. So measures to find strong reasons for peace still need to be found.

Research Gap:

The Oslo accords, the initiative of the United States came somewhat close to achieving peace. But then the second Intifada happened and all went downhill. What is the solution to the problem? Why has everything else that has been tried before failed? Is it the one nation, two-nation, existential, ideological debate? Or is it just that the problems are merely economic in nature? Does post-conflict reconstruction seem a far worse problem to be dealt with? Are humanitarian aid and profits received by the administrations a good enough reason to keep the war active?
The study aims to understand the economic and non-economic factors that are being a deterrent to the much desired peace in the conflict. An extensive macro-level research as to why conflict hasn't ended even when trade linkages and interdependencies exist between the two fighting parties needs to be conducted. A cost benefit analysis needs to be conducted of the situation of economies during conflict and cease fire period if any. Also, the gains from war achieved by both nations need to be studied.

Objectives:

The objectives of the study are as follows:

1. To analyze the concept as to how war begins between nations.
2. To explore the internal and external factors that keep wars active and war economies flourishing.
3. To describe the trigger points that create greed and grievance as a reason for conflict with special reference of Israel and Palestine.
4. To examine the economic factors that are in effect keeping war active in Israel and Palestine.

5. To come up with a solution for achieving peace in the most conflicted region in the world.
6. To understand if the continuation of war is being beneficial for both the fighting parties economically.

Database & Methodology

The data analysed for the study would be confined to a time frame which, will be from 1948-2018. The research will be carried on a descriptive and analytical framework based on qualitative and quantitative research methods. The research sources would be based on secondary data. These would encompass various Government Reports, OECD reports, RAND research reports, UNDP reports, UNICEF reports, Human rights reports, World Bank reports, United Nations reports, Israel's News Papers, speeches and the available existing literature such as research findings, books, articles, research papers from periodicals, journals and other documents.

Analysis to be conducted to understand the conditions of both the nations economies pre, post and during the conflict. Indicators to be used would include trade & commerce, utilization and availability of natural resources, agriculture, industry, lives lost during conflict and political factors among others.

Tentative Chapter Scheme

1. Introduction
    - Historical framework
    - Current situation
    - Identification of the problem
2. Review of literature and identification of research gap & research methodology
3. Economics of war- world's perspective
4. Economics of Israel-Palestine war-
    - What affects wars?
    - The economic benefits received by the fighting parties and allies
    - Role of UN and international community as a broker for peace
5. Problems and solutions to the conflict
6. Summary and conclusion

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